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Special Inspector General for the Troubled Asset Relief Program**

Press Statement

March 23, 2016

Judge Sentences Gil Lundstrom, former CEO of century-old TierOne Bank to 11 Years in Prison

TierOne Bank was the largest failure in Nebraska's history; CEO Lundstrom applied for \$86 million in TARP funds on behalf of the bank

Today, Gilbert Lundstrom, CEO of the now-failed TierOne Bank was sentenced to 11 years in prison. CEO Lundstrom referred to TierOne as "his bank" when testifying--and that's exactly how he treated it. He was the architect of the bank's aggressive and risky pre-crisis growth strategy. And when his risky moves backfired, he had a choice: tell the truth about TierOne's millions of dollars in losses and limit the extent of further losses or take intricate steps to criminally conceal the bank's true financial picture. This bank CEO chose the latter, committing crimes, extending even more credit, and digging bank into an even deeper financial hole. CEO Lundstrom applied for \$86 million in TARP funds on behalf of the bank. Make no mistake: this bank CEO was the driver of the criminal fraud. It was "his bank" and his fraud scheme. Lundstrom falsified bank records, hid millions of dollars in losses, used old, inflated appraisals and altered board meeting minutes to conceal the bank's declining financial health. He directed others to hide the bank's losses. During the trial, one employee testified that a colleague said that "Gil will kill me" if losses were reported. CEO Lundstrom's fraud snowballed when he blatantly misrepresented bank losses to regulators and conspired with others to make false statements and representations through earnings reports, public statements, and regulatory examinations. He even lied to shareholders that the bank had successfully applied for and later turned down TARP.

Fraud is not a victimless crime. A century old bank has been shuttered. Hundreds of employees lost their jobs. Shareholders that lost their investments include hardworking Americans whose retirement or children's education is now in jeopardy. And a community lost an important source of lending.

CEO Lundstrom will join 32 other bankers in prison who were investigated by SIGTARP. These sentences, along with the recovery of more than \$5 billion in taxpayer funds, are bringing accountability to those who commit financial crimes. This was a critically important conviction and we commend the commitment of the DOJ Criminal Division led by Assistant Attorney General Leslie R. Caldwell, and her team of prosecutors Henry Van Dyck, Rush Atkinson and Sandra Moser to hold bankers committing fraud accountable, and our law enforcement partner the FBI.